GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:496
ANSWERED ON:22.12.2000
ESTABLISHMENT EXPENDITURE OF LIC
JAYASHREE BANERJEE

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to reduce the establishment expenditure of Life Insurance Corporation of India;

(b) if so, the details of the steps being taken in this regard; and

(c) the steps taken to streamline the claim procedure of LIC?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (c): A statement is laid on the Table of the House.

Statement referred to Lok Sabha Starred Question No. 496 by Smt. Jayashree Banerjee regarding Establishment Expenditure of LIC to be answered on 22nd December, 2000.

(a)& (b): The establishment expenditure in LIC comprises mainly of salaries and wages to employees and expenses on office premises etc. These are fixed costs and cannot be reduced immediately. Furthermore, expenses are incurred on payment of agents` commission. LIC has for the last several years exercised strict control over new recruitments and opening of new offices.Almost complete computerization of the organization has also resulted in a steady increase in the productivity of the employees. This has helped in maintaining a check on the establishment expenditure. The Government has approved a new productivity linked lump-sum incentive scheme in which a part of the employees` remuneration is linked to growth in new business and premium income. This is expected to bring down the management expense as a percentage of premium income.

(c): The LIC regularly reviews the claims settlement procedure.The procedure has been substantially liberalized and several formalities required earlier have been done away with. The operating offices have been empowered with higher financial powers for expeditious disposal of claims. Computerization and networking of branches have also contributed to speedier settlement of claims. The Claims Review Committees for disputed claims have been further strengthened.